



# County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN  
Chief Administrative Officer

October 5, 2004

To: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## **SACRAMENTO UPDATE**

### **UCLA Economic Forecast**

The Anderson School at UCLA released its economic forecast for the nation and the State in September. The title for the State forecast was as much a description of the State budget as it was of the State economy: "California: Growing and Growing ... But a Few Fixes are Needed." The payroll employment and personal income growth numbers in the UCLA forecast anticipate essentially the same modest growth as those underlying the revenue forecast used in the State's May Revise Budget. Consequently, there is no reason to expect a sudden surge in unanticipated revenue looking toward the FY 2004-05 budget year. Moreover, the UCLA forecast stresses that the modest growth anticipated through 2005 will not be sufficient to grow the State out of its \$6 to \$8 billion structural budget gap. Unless a "real" budget solution is achieved next year, the UCLA forecasters believe it will begin to negatively impact the State economy as State and local budget problems start to seriously impact public employment levels and spending on needed infrastructure projects.

The Legislative Analyst's Office (LAO) will issue its five-year projections for the State General Fund in mid-November. One of the factors likely to affect this and other future projections is the downward revision in the State population projection announced today. Instead of 600,000 new residents a year between now and 2040, officials now project that the State will average about 400,000 annually. While still significant, the lower rate of population growth will probably cause a downward revision in projections

of economic growth and State revenue. However, fewer people should reduce the demand for public services, especially public schools, because the drop is largely a result of a dramatic decline in birth rates. Consequently, there should be some offsetting savings on the expenditure side.

**CPR Commission to hold one more meeting**

The CPR Commission at its last meeting decided to hold an additional "working" meeting on October 20, 2004 in Irvine. The location and time has not been determined. While the meeting will be open to the public, public comment will not be allowed. Instead, Commission staff will provide a summary of the public input from prior meetings and recommend any changes to their original recommendations based upon the public input. In addition, the Commission will attempt to reach agreement on some consensus recommendations to the Governor in their final report. We will let you know the time and place of the meeting when it is announced.

We will continue to keep you advised.

DEJ:GK  
MAL:JR:ib

c:     Executive Officer, Board of Supervisors  
        County Counsel  
        Local 660  
        All Department Heads  
        Legislative Strategist  
        Coalition of County Unions  
        California Contract Cities Association  
        Independent Cities Association  
        League of California Cities  
        City Managers Associations  
        Buddy Program Participants